

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL**

**OIL AND GAS DOCKET
NO. 8A-0262124**

**IN THE KELLY-SNYDER FIELD,
SCURRY COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF KINDER MORGAN PRODUCTION CO. LLC
TO INJECT FLUID INTO A RESERVOIR PRODUCTIVE OF OIL OR GAS
SACROC UNIT WELL NO. 21-03
KELLY-SNYDER FIELD
SCURRY COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on August 31, 2009, the presiding examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own the findings of fact and conclusions of law contained therein, except Finding of Fact No. 2d, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein. The Commission hereby adopts the following Substitute Finding of Fact 2d.

Substitute Finding of Fact 2d:

The Texas Commission on Environmental Quality recommends that usable-quality ground water be protected to a depth of 350 feet.

Therefore it is **ORDERED** by the Railroad Commission of Texas that Kinder Morgan Production Co. LLC is hereby authorized to conduct fluid injection operations in the SACROC Unit Well No. 21-03, Kelly-Snyder Field, Scurry County, Texas, subject to the following terms and conditions:

SPECIAL CONDITIONS:

1. That the injection program be conducted in an interval from 4,000 feet to 5,000 feet.
2. That injection volume does not exceed 15,000 barrels of saltwater per day.
3. Fluid injection must be through tubing set on a packer set no higher than 100 feet above the top of the permitted disposal interval and the maximum surface injection pressure shall not exceed 2,000 psig.

4. Injection fluid shall be limited to salt water produced from wells on the SACROC Unit.
5. Prior to beginning injection operations, a cast iron bridge plug must be set at 6,900 feet, with 20 feet of cement on top.
6. Prior to beginning injection operations, a cast iron bridge plug must be set at 5,000 feet, with 20 feet of cement on top.
7. Prior to beginning injection operations, a 20 sack cement plug must be set at 6,000 feet.

STANDARD CONDITIONS:

1. The District Office must be notified 48 hours prior to:
 - a) running tubing and setting packer
 - b) beginning any workover or remedial operation, and
 - c) conducting any required pressure tests or surveys.
2. The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.
3. Prior to beginning injection, and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig, whichever is less, but must be at least 200 psig. The test must be performed and the results submitted in accordance with the instructions of Form H-5.
4. A new Form W-2 must be filed in duplicate with the District Office within 30 days after completion or conversion to show the current completion status of the well. The date of the injection permit and project number, and the date that injection commenced or will commence must be included on the new Form W-2.
5. The injection pressure and injection volume must be monitored at least monthly and reported annually on Form H-10 to the Commission's Austin Office.
6. Written notice of the intent to transfer the permit must be submitted to the Commission at least 15 days prior to the date the transfer will occur (File Form P-4).
7. A well herein authorized cannot be converted to a producing well and have an allowable assigned without filing an amended Form W-1 and receiving Commission approval.
8. The project number is F-1774.

Provided further that, should it be determined that such injection fluid is not confined to the approved strata, then the permission given herein is suspended and the fluid injection must be stopped until the fluid migration from such strata is eliminated.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

This order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order in accordance with TEX. GOV'T CODE §2001.144.

Done this 3rd day of November, 2009.

RAILROAD COMMISSION OF TEXAS

Chairman Victor G. Carrillo



Commissioner Elizabeth A. Jones

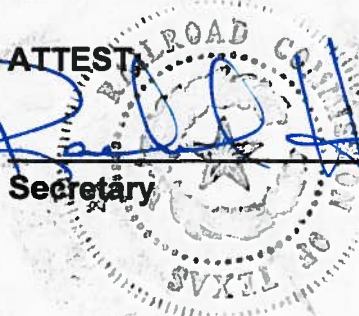


Commissioner Michael L. Williams

ATTEST



Secretary



RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET
NO. 8A-0262124

THE APPLICATION OF KINDER
MORGAN PRODUCTION CO. LLC
FOR A PERMIT TO INJECT FLUID
INTO A RESERVOIR PRODUCTIVE
OF OIL OR GAS, SACROC UNIT,
WELL NO. 21-03, KELLY-SNYDER
FIELD, SCURRY COUNTY, TEXAS

ORDER DENYING MOTION FOR REHEARING

The Commission has considered on its merits the Motion for Rehearing filed by Frank Kubacak on November 24, 2009 and the Motion is hereby **DENIED**.

Signed this 15th day of December, 2009.

RAILROAD COMMISSION OF TEXAS


CHAIRMAN VICTOR G. CARRILLO


COMMISSIONER ELIZABETH A. JONES


COMMISSIONER MICHAEL L. WILLIAMS

ATTEST:


SECRETARY


RAILROAD COMMISSION OF TEXAS